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DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/2/09

P&N Postlethwaite
& Netterville

A Professional Accounting Corporation

www.pncpa.com

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Delgado Community College Foundation, Inc.
New Orleans, Louisiana

We have audited the accompanying statement of financial position of the Delgado Community College Foundation, Inc. (a nonprofit organization) (the Foundation) as of June 30, 2009, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delgado Community College Foundation, Inc. at June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Postlethwaite + Netterville

Metairie, Louisiana
November 17, 2009

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

Current assets:

Cash and cash equivalents, unrestricted	\$ 106,856
Cash and cash equivalents, restricted	358,823
Pledges receivable, net of discount	91,739
Lease receivable - Student Life Center	95,000
Investments - (Note 4)	1,182,144
Prepaid expenses	2,652
Total current assets	<u>1,837,214</u>

Non-current assets:

Investments - (Note 4)	350,599
Pledges receivable, net of discount of \$1,415	10,585
Bond issuance costs, net	264,975
Lease receivable - Student Life Center	3,365,079
Total non-current assets	<u>3,991,238</u>

Total Assets	<u>\$ 5,828,452</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 16,705
Bonds payable, net of discount of \$4,631	90,369
Due to Alumni Association	15,863
Accrued interest payable	55,172
Total current liabilities	<u>178,109</u>

Long-term liabilities:

Bonds payable, net of discount of \$89,528	3,515,472
Due to Delgado, net	376,240
Total long-term liabilities	<u>3,891,712</u>
Total liabilities	<u>4,069,821</u>

Net assets:

Unrestricted	101,793
Temporarily restricted	1,618,438
Permanently restricted	38,400
Total net assets	<u>1,758,631</u>

Total Liabilities and Net Assets	<u>\$ 5,828,452</u>
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The accompanying notes are an integral part of this statement.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	\$ 9,802	\$ 207,745	\$ 1,000	\$ 218,547
Fundraising revenues	98,413	-	-	98,413
Lease rental revenue	-	240,497	-	240,497
Donated services and facilities	60,342	-	-	60,342
Dividends and interest	3,109	41,182	-	44,291
Realized loss on investments	-	(199)	-	(199)
Unrealized loss on investments	-	(193,323)	-	(193,323)
Total support and revenues	171,666	295,902	1,000	468,568
Net assets released from restriction	427,823	(427,823)	-	-
Total support, revenues and other support	599,489	(131,921)	1,000	468,568
Expenses:				
Fundraising expenses	28,511	-	-	28,511
Scholarships	33,426	-	-	33,426
Other college support	262,132	-	-	262,132
Management and general expenses	57,398	-	-	57,398
Interest expense	226,444	-	-	226,444
Total expenses	607,911	-	-	607,911
Changes in net assets	(8,422)	(131,921)	1,000	(139,343)
Net assets				
Beginning of the year	110,215	1,750,359	37,400	1,897,974
End of the year	\$ 101,793	\$ 1,618,438	\$ 38,400	\$ 1,758,631

The accompanying notes are an integral part of this statement.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (139,343)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization of bond discount and bond issuance costs	13,432
Unrealized loss on investments	191,130
Changes in operating assets and liabilities:	
Pledges receivable, net of discount accretion	(3,488)
Prepaid expenses	394
Accounts payable	603
Accrued interest payable	(1,125)
Net cash provided by operating activities	<u>61,603</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(75,965)
Proceeds from sales of investments	61,143
Net cash used in investing activities	<u>(14,822)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Bond principal payments	(90,000)
Receipts on lease receivable	90,000
Payments on due to Delgado, net	482
Net cash provided by financing activities	<u>482</u>

<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	47,263
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CASH AND CASH EQUIVALENTS

Beginning of the year	418,416
End of the year	<u><u>\$ 465,679</u></u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents, unrestricted	\$ 106,856
Cash and cash equivalents, restricted	358,823
Total	<u><u>\$ 465,679</u></u>

DISCLOSURE OF NON-CASH ITEMS

In-kind donations to the Foundation	<u><u>\$ 60,342</u></u>
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OTHER DISCLOSURES:

Interest paid	<u><u>\$ 269,011</u></u>
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The accompanying notes are an integral part of this statement.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities

The Delgado Community College Foundation, Inc. (the Foundation) is a nonprofit corporation organized under the laws of the State of Louisiana on June 1, 1988 to:

- Promote the educational and cultural welfare of the Delgado Community College (Delgado) and develop, expand, and improve Delgado's facilities to provide broader educational advantages and opportunities, encourage research, and increase Delgado's usefulness;
- Assist any student to continue his or her studies within Delgado; aid and facilitate any line of work or research in the areas embraced in the objects and purposes of Delgado; and generally, interpret the aims, objectives, and needs of Delgado to the public with a view to better mutual understanding and progress; and
- Solicit and accept grants and bequests, including funds of all kinds, to provide scholarships and activities in research, or such other designated benefits for Delgado and its facilities and students.

The Foundation is governed by a Board of Directors. Prior to the organization of the Foundation, the Delgado Community College Development Foundation (the Development Foundation) represented the support organization for Delgado.

2. Summary of Significant Accounting Policies

Organization and Income Taxes

The Foundation is a nonprofit corporation organized under the laws of the State of Louisiana. The Foundation is exempt from state and Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of presentation

The accounts of the Foundation are maintained in accordance with the principles of fund accounting under which resources for various purposes are classified into funds according to specified activities or objectives. Net assets are available for the following purposes:

Unrestricted Net Assets – This fund is used to account for unrestricted revenues and expenditures.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Temporarily Restricted Net Assets include the following:

Challenge Grant Endowment – This fund is used to account for a grant received from the U.S. Department of Education which is being administered by the Foundation.

Restricted Capital Development – This fund is used to account for contributions to the Foundation whose use has been restricted by donors for capital improvements.

TAP Scholarship - This fund is used to account for contributions to the Foundation which the donor has designated for the purpose of Tuition Assistance Program Scholarships to low and moderate income students that do not qualify for federal or state financial aid. The initial contribution represents the balance of the contributions previously reported in the Literacy Center Fund.

Delgado Recovery – This fund is used to account for contributions to the Foundation whose use has been restricted by donors to assist the college to recover from the effects of Hurricane Katrina.

Katrina Student Victims – This fund is used to account for contributions to the Foundation whose use has been restricted by donors for assistance to students affected by Hurricane Katrina.

Ashton Ryan Endowed Professorship – This fund is used to account for contributions to the Foundation to establish the Ashton Ryan Endowed Professorship. Mr. Ryan has pledged \$60,000 to the Foundation and once the matching \$40,000 is obtained from the State, the proceeds will be turned over to Delgado Community College.

Joseph J. Krebs, Jr. Endowed Professorship – This fund is used to account for contributions to the Foundation to establish the Joseph J. Krebs, Jr. Professorship. The Foundation expects to collect private pledges totaling \$60,000 over the next five years, and once the matching \$40,000 is obtained from the State, the proceeds will be turned over to the Delgado Community College.

Leon Lee Giorgio Endowed Professorship – This fund is used to account for contributions to the Foundation to establish the Leon Lee Giorgio Endowed Professorship. Friends and associates of Mr. Giorgio donated \$60,000 during the year ended June 30, 2008, and the State matched \$40,000 during the fiscal year ended June 30, 2009, the proceeds will be turned over to Delgado Community College. Friends and associates of Mr. Giorgio also donated another \$32,500 during the year ended June 30, 2008 to establish the Leon Lee Giorgio Endowed Scholarship, and the matching \$20,000 was obtained from the state and the proceeds were turned over to Delgado Community College.

Dr. John Finn Endowed Scholarship – This fund is used to account for contributions to the Foundation to establish the Dr. John Finn Endowed Scholarship. Metropolitan Hospital Association donated \$30,000 during the year ended June 30, 2009, and once the matching \$20,000 is obtained from the State, the proceeds will be turned over to Delgado Community College.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Other Foundation Scholarships – This fund is used to account for contributions to the Foundation which the donor has designated for the purpose of scholarships in someone's name. The majority of the balance is for scholarships in the name of Seymour Wiess.

Adopt-a-Professor – This fund is used to account for contributions to the Foundation which the donor has designated for the purpose of obtaining endowed professorships. Once specified levels of donations are obtained, the funds are transferred to Delgado to be used in the endowment program.

Baseball Program – This fund is used to account for contributions to the Foundation whose use has been restricted by donors for assistance to the Baseball program and to renovate the Kirsch-Rooney Baseball Stadium.

Permanently Restricted Net Assets include the following:

Overture Endowment Net Assets – An endowment scholarship fund was established by the Foundation in accordance with the gift instruments from the Overture to the Cultural Arts. The corpus is permanently restricted; however, the interest income generated from the corpus is temporarily restricted.

Cash and cash equivalents

For the purpose of the cash flows, the Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Amortization of the Bond Discount and Bond Issuance Costs

Both the Bond Discount and the Bond Issuance Costs are being amortized over the life of the bonds (30 years), utilizing a method which approximates the interest method. Bond discount accretion of \$4,650 is included as a component of management and general expenses within the accompanying statement of activities.

Contributions and revenue recognition

Contributions and pledges received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and or nature of any donor restrictions.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

From time to time new accounting pronouncements are issued by the FASB that are adopted by the Foundation as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Foundation's financial statements upon adoption.

In August 2008, FASB issued FASB Staff Position (FSP) FAS 117-1, Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds, which provides guidance on classifying the net assets (equity) associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. This FSP also requires additional disclosures about endowments (both donor-restricted funds and board-designated funds) for all organizations, including those that are not yet subject to an enacted version of UPMIFA. The provisions of this FSP are effective for fiscal years ending December 15, 2008. Early application is permitted. The Foundation has adopted the provisions of FAS 117-1 effective June 30, 2009.

The Foundation adopted SFAS No. 157, "Fair Value Measurement" effective June 30, 2009, with the exception of non-financial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), which was delayed by FASB Staff Position No. FAS 157-2 and was effective beginning July 1, 2009, our fiscal 2010. SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Foundation records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Investments and Investment Income

Investments are reported at fair value, with the related gains and losses included in the statement of activities. Income earned from investments, including realized and unrealized gains and losses, is reported in the unrestricted net asset class except where the instructions of the donor specify otherwise.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Net Assets

Unrestricted net assets

Assets and liabilities at June 30, 2009 that comprise unrestricted net assets consist of the following:

Assets:

Cash and cash equivalents	\$ 106,856
Pledge receivable	21,243
Prepaid expenses	2,652

Liabilities:

Accounts payable	(13,095)
Due to Alumni Association	(15,863)
	<u>\$ 101,793</u>

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Net Assets (continued)

Permanently restricted net assets

Permanently restricted net assets of \$38,400 at June 30, 2009 consist of \$4,100 of cash and cash equivalents and \$34,300 of non-current investment and endowment funds.

Temporarily restricted net assets

The remaining assets and liabilities presented on the Statement of Financial Position at June 30, 2009 comprise temporarily restricted net assets. Temporarily restricted net assets at June 30, 2009 are available for the following purposes:

GAP Scholarship Fund	\$ 268,419
Other Scholarship Fund	64,548
Delgado Recovery Fund	147,609
Katrina Victims Fund	94,668
Baseball Expense Fund	9,772
Challenge Grant Endowment Fund	431,653
Restricted Capital Development Fund	410,634
Ryan Professorship	60,000
Kreb Professorship	57,656
Giorgio Professorship	30,022
Adopt-a-Prof Temporary Fund	19,650
Overture Endowment	23,807
	<hr/>
	\$ 1,618,438

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

4. Investments

As of June 30, 2009, the investments of the Foundation consist of the following:

Description	Fair Value		Total Investments
	Trust Funds	Student Life Center	
Equity securities mutual fund	\$ 515,028	\$ -	\$ 515,028
Fixed income mutual fund	628,438	-	628,438
U.S. Treasury obligations	-	312,199	312,199
Money market fund	77,078	-	77,078
Total	<u>\$ 1,220,544</u>	<u>\$ 312,199</u>	<u>\$ 1,532,743</u>
Current assets	\$ 1,182,144	\$ -	\$ 1,182,144
Long-term assets	38,400	312,199	350,599
Total	<u>\$ 1,220,544</u>	<u>\$ 312,199</u>	<u>\$ 1,532,743</u>

Unrealized loss on investments totaled \$193,323 for the year ended June 30, 2009.

5. Student Life Center

During 1999, the Board of Directors approved a plan which resulted in the Foundation providing a vehicle for financing the design and construction of a Student Life Center on the Delgado campus. The transaction was structured as described below.

The Board of Trustees for State Colleges and Universities (the "Board of Trustees") entered into a ground lease agreement with the Foundation for the site on which the proposed Student Life Center (the "Facility") was to be constructed. The Foundation selected a developer, entered into a design and construction contract with that developer, and the developer commenced construction of the Facility on the land leased to the Foundation by the Board of Trustees during fiscal 2000.

Title to the Facility itself (but not the underlying land) is held by the Foundation. The Foundation has agreed to lease the Facility to Delgado pursuant to a Facility Lease Agreement under which Delgado will lease the building and has agreed to operate the Facility. The Facility Lease Agreement requires Delgado to pay rent in an amount sufficient to cover the operating costs of the Facility and the debt of service on the bonds issued on behalf of the Foundation (see discussion below) to fund the construction of the Facility. The Facility Lease Agreement has a 30 year term and it includes a provision which transfers the title of the Facility to Delgado at the end of its term.

The Foundation itself does not have the authority to be the issuer of the tax-exempt bonds. Therefore, a separate entity which is qualified to issue tax-exempt bonds was the issuer of the bonds. That issuer entered

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Student Life Center (continued)

into a loan agreement with the Foundation pursuant to which the issuer loaned the proceeds of its bonds to the Foundation to pay for construction of the Facility and the Foundation expects to repay the issuer with the rental proceeds it receives from Delgado under the Facility Lease Agreement. Approximately, \$240,497 of such proceeds received during fiscal 2009 have been recorded as lease rental revenue representing amounts attributable to bond debt service and other related costs of the Facility, net of investment earnings generated from the excess proceeds provided by the bond issuance.

The estimated cost of the project was \$4,350,000, and the completion date was June 2001. The 30 year bonds were issued November 1, 1999 with interest rates ranging from 4.0% to 6.0%. Bond proceeds were \$4,256,075, net of a bond discount of \$138,925. Bond issuance costs were \$139,512. Bond debt service and other related Facility costs are to be funded through a special student assessment fee for Delgado's City Park Campus students only, assessed at the levels of \$15 per student for the fall and spring semesters and \$5 per student for the summer semester.

The transaction was approved by the Board of Trustees, the Louisiana State Bond Commission, and the City of New Orleans.

The Facility's lease to Delgado is considered a sales-type lease for reporting purposes, therefore the asset associated with the Facility is carried as a lease receivable net of unearned future lease income of approximately \$4 million. The lease receivable will be reduced over time as Delgado remits bond principle payment reimbursements to the Foundation.

As of June 30, 2009, Delgado had cumulatively remitted \$3,297,899 to the Foundation to cover the bond debt service and other related costs of the Facility. Of this amount, \$2,225,906 has been recognized as lease rental revenue, \$695,000 has been recognized as a reduction of the Student Life Center lease receivable and the remaining balance is carried as deferred revenue (shown as due to Delgado, net) as of June 30, 2009.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Long-Term Debt

As described in note 5, the long-term debt consists of the following:

Revenue bonds:

\$4,395,000 1999 Serial bonds due in annual installments of \$75,000 to \$295,000 through October 2029 at interest rates of 4%-6%	\$ 3,700,000
Less bond discount	94,159
	<u>3,605,841</u>
Less current maturities	90,369
	<u>\$ 3,515,472</u>

Annual aggregate principal payments and related bond discount applicable to the bond payable for years subsequent to June 30, 2009 are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Discount</u>	<u>Total</u>
2010	\$ 95,000	\$ (4,631)	\$ 90,369
2011	100,000	(4,631)	95,369
2012	105,000	(4,631)	100,369
2013	110,000	(4,631)	105,369
2014	115,000	(4,631)	110,369
Thereafter	3,175,000	(71,004)	3,103,996
	<u>\$ 3,700,000</u>	<u>\$ (94,159)</u>	<u>\$ 3,605,841</u>

7. Pledges Receivable

At June 30, 2009, pledges receivable consist of the following:

Annual giving campaign	\$ 5,783
Roast pledges	19,265
Joseph Krebs Endowed Professorship	16,000
Aston Ryan Endowed Professorship	60,000
Culinary Department-Starbucks	2,515
Other Events	176
Gross pledges receivable	<u>103,739</u>
Less unamortized discount	(1,415)
Net pledges receivable	<u>\$ 102,324</u>

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Pledges Receivable (continued)

Pledges receivable:

Less than one year	\$ 91,739
One to five years	10,585
	<hr/> \$ 102,324

8. Related Parties

Delgado Community College provides the Foundation with facilities and administrative personnel free of charge. The value of these services was approximately \$60,342 in fiscal year 2009.

Contributions recognized from Foundation Board members and employees of the College included in pledges receivable at June 30, 2009 amounted to \$67,730.

9. Concentrations of Credit Risk

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana. As of June 30, 2009, the Foundation's deposits were covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC).

Approximately 58% of the pledges receivable at June 30, 2009 is from one donor and 14% from another donor.

10. Fair Value of Financial Instruments

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157), which establishes a framework for measuring fair value in accordance with Generally Accepted Accounting Principles (GAAP) and expands disclosures about fair value measurements. This statement is effective for financial assets and liabilities as well as for any assets and liabilities that are carried at fair value on a recurring basis in financial statements as of January 1, 2008 for the Foundation. In November 2007, the FASB issued a one-year deferral for non-financial assets and liabilities to comply with SFAS No. 157 which delayed the effective date for these items until November 15, 2008.

The adoption of SFAS No. 157 did not have a significant impact on the Foundation's financial statements or disclosures and the Foundation does not expect the January 1, 2009 adoption of SFAS No. 157 for non-financial assets and liabilities to have a significant impact on its financial statements.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. Fair Value of Financial Instruments (continued)

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2008 by SFAS No. 157 valuation hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity	\$ 515,028	\$ -	\$ -	\$ 515,028
				-
Fixed income	628,438	-	-	628,438
				-
U.S. Treasury obligations	-	312,199	-	312,199
				-
Money Market	77,078	-	-	77,078
Total	<u>\$ 1,220,544</u>	<u>\$ 312,199</u>	<u>\$ -</u>	<u>\$ 1,532,743</u>

11. Endowments

The Board of the Foundation is of the belief they have a strong fiduciary duty to manage the assets of the Foundation's endowment in the most prudent manner possible. The Board recognizes the intent is to protect donor intent with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. If not expressed the Board ensures the assets of the endowment are spent in a prudent manner which considers the purpose of the fund, current economic conditions and preservation of the fund. To follow these principals the historic value of the fund is always maintained in temporarily or permanently restricted net assets. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in temporarily restricted net assets until spent for their intended purpose.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

11. Endowments (continued)

The goals and objectives of the investment policies are to maximize total returns within prudent parameters of risk for a Foundation of this type. The Board understands that fluctuating rates of return are characteristic of the securities markets, the Foundations investment objective is to protect and grow the Foundation's assets, after approved distributions, at a rate greater than the rate of inflation as measured by the U.S. CPI.

The table below represents the endowment related activity for the fiscal year ending June 30, 2009:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 557,953	\$ 37,400	\$ 595,353
Investment return:			
Investment income	18,720	-	18,720
Net depreciation (realized and unrealized)	(101,562)	-	(101,562)
Total investment return	(82,842)	-	(82,842)
Contributions	-	1,000	1,000
Endowment net assets, end of year	\$ 475,111	\$ 38,400	\$ 513,511